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SUBJECT: NEW ZHEJIANG MIGRANT POLICY FOCUSES ON MAINTAINING  
"STABILITY"

REF: A. (A) SHANGHAI 66  
[1](#)B. (B) SHANGHAI 57  
[1](#)C. (C) GUANGZHOU 510  
[1](#)D. (D) GUANGZHOU 498

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distribution outside USG channels.

[1](#)1. (SBU) Summary: Zhejiang's new residency policy focuses on  
maintaining social stability in the midst of an economic  
downturn, as the Provincial Public Security Bureau aims to keep  
closer track of migrant workers in and out of one of China's  
wealthiest provinces. The officials avoided specifically  
discussing migrants from Xinjiang, but they blamed migrant  
workers in general for being the primary source of crime and  
social instability. End summary.

Zhejiang Residency Policy: Less Reform Than Advertised

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[1](#)2. (SBU) Caijing magazine, arguably China's most popular and  
provocative economic monthly, reported in May on Zhejiang  
Province's proposed plan to "abolish" its residency registration  
requirement for migrant workers from other provinces and allow  
them to obtain "permanent resident status." Under the new  
regulations, according to the report, a person would qualify for  
"permanent residence" if he or she lived in Zhejiang for three  
consecutive years and had a stable job. (Note: Zhejiang's  
official population is 52 million. It is estimated, however,  
that between 10 and 12 million individuals living there are not  
permanent residents of the province, including 6.4 million

migrant workers and 800,000 students. End Note.)

13. (SBU) Zhejiang government officials, however, provided a different explanation of the new law during meetings August 13 in the provincial capital Hangzhou. According to Provincial Labor and Social Security Bureau Deputy Division Director Cao Jianguo, the regulations, which were passed by the Provincial People's Congress in the spring and will be implemented in October, requires migrant workers to have a resident permit if they work in Zhejiang. (Note: A resident permit is not the same as a local hukou registration. Resident permits are for temporary residents and provide only limited access to social services.) According to Zhejiang Provincial Development and Reform Commission (ZPDRC) Economic Reform Division Deputy Director Ye Ke, Zhejiang's new residency policy is in line with direction from Beijing to "improve the management of and service for migrant workers." Migrants must apply for a resident permit within 30 days of moving to Zhejiang under the new regulations, Ye said.

#### Keeping Track of Migrants in a Tough Economy

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14. (SBU) Zhejiang officials said the new policy would offer greater "stability" for families, as children of migrant workers with resident permits can study in local schools. They also

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cited the benefits of remaining in the province for more than three years, which would qualify a worker for a "long-term" residency card and enhanced social service benefits. According to Labor and Social Security Bureau official Cao, the primary impetus for the new residency permit structure, however, is the desire of the Public Security Bureau to obtain a better estimate on numbers of migrant workers moving in and out of the province.

15. (SBU) Zhejiang's export-oriented small- and medium-sized enterprises (SMEs) have been hit hard by a drop in global demand (Refs A and B). In a struggling economy, migration to and from Zhejiang has been more unsettled. When export-oriented businesses shut their doors in late 2008, approximately seven percent of Zhejiang's migrant workers returned home early according to a labor survey, said Cao. Most of these migrants have since returned to find work in Zhejiang, he added. However, the labor situation is "complicated" because of a mismatch between company needs and laborers' skills, leaving some migrants without work and some industries (particularly in southwestern Zhejiang's Wenzhou Municipality) short of skilled labor. The bright side, Cao asserted, is Zhejiang has generated 400,000 new jobs in the first half of 2009, ahead of the 2008 pace when 600,000 were created during the entire year.

#### Economy: Not Out of the Woods Yet

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16. (SBU) Despite the improved job figures, provincial officials warned the economy still faces "uncertainty," a theme echoed by Premier Wen Jiabao when he visited Zhejiang August 22-24. Zhejiang, as one of China's wealthiest provinces, has received little support from the Central Government's stimulus package. The province's electronics industry is in particularly bad shape, warned Huang Dong, an official at the ZPDRC.

State-controlled media gave extensive coverage to Premier Wen's three-day inspection tour when he visited SMEs in Wenzhou and Lishui to offer encouragement.

17. (SBU) Officials were heartened by 2nd quarter statistics. In particular, fixed-asset investment increased by 14 percent in the first half of 2009. Despite good news in the short term, an indicator of the long-term challenge ahead, however, is the province's aim to restructure its economy to emphasize services, which currently account for only 40 percent of the province's output, Huang said. He stressed Zhejiang needs to increase its investments in transportation, logistics, and finance, as well as consumer services in restaurants, hotels, and tourism.

Blaming the Bad Elements

18. (SBU) Continued concern about the economy -- and its impact on social stability -- was the impetus for the new residency law, officials said. Cao Jianguo said the top priority of the Labor and Social Security Bureau is to prevent layoffs. Companies are not permitted to shut their doors or lay off

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workers in large numbers. Cao said companies could offer additional leave or training programs in order to keep employees on the rolls and maintain social stability.

19. (SBU) Requiring migrants to register for resident permits will help maintain stability, the officials said. They avoided specifically discussing migrants from Xinjiang or the recent unrest in Guangdong Province (Refs C and D), but they blamed migrant workers in general for being the primary source of crime and social instability. Ye Ke from the ZPDRC claimed 84 percent of criminals in Zhejiang are migrant workers. Eliminating the hukou residency registration requirement in the near-term would be impossible, Ye said. In fact, the new residency policy reflects a need for more stringent requirements in the midst of an economic downturn.

Comment

10. (SBU) Although initially pitched to the media as a means to better serve the migrant worker population in Zhejiang, the province's new residency regulations are more focused on "managing" migrants in order to maintain social stability. Zhejiang provincial officials were open and frank when discussing the regulations and the provincial government's motivations for implementing them. Post will continue to monitor revisions to labor regulations in East China and their implications for migrants and impacts on labor mobility.

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